2020 IOWA STATE UNIVERSITY LAND VALUE SURVEY: OVERVIEW

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Abstract: Since 1950, the Iowa State University Land Value Survey has been the only data source that provides a county-level land value estimate for each of the 99 counties in Iowa. The 2020 Iowa State University Land Value Survey reported a 1.7% increase to $7,559 per acre in average Iowa farmland values from November 2019 to November 2020. This modest rise is the third increase in Iowa farmland values over the past six years, and a second consecutive rise. The increase is buoyed by record-level federal ad hoc payments, drastic cuts in interest rates by the Federal Reserve, recent surges in agricultural exports and commodity prices, and limited land supply. The 2020 land value still represents a 13% decline from the 2013 peak in nominal land values, or a 22% drop in inflation-adjusted values. All crop reporting districts reported an increase in land values except for the Southwest district, which saw a decline of 0.9%. While high quality land decreased by 0.1%, medium- and low-quality land saw increases of 2.6% and 6.7%, respectively. In general, the results from the 2020 Iowa State University Land Value Survey echo results from other surveys, which all showed relatively stable farmland market trends.

Key Words: Land Values, Iowa, Land Ownership, Interest Rate, Farm Income, Ag Credit, Commodity Prices, Expert Opinion Survey, Agricultural Trade

JEL Codes: Q15, Q13, Q14, Q18

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History and Purpose of the ISU Land Value Survey

The survey was initiated in 1941 and is sponsored annually by Iowa State University. Only the state average and the district averages are based directly on ISU survey data. County estimates are derived using a procedure that combines Iowa State survey results with data from the US Census of Agriculture. Since 2014, the survey has been conducted by the Center for Agricultural and Rural Development in the Department of Economics at Iowa State University and Iowa State University Extension and Outreach.

The survey is intended to provide information on general land value trends, geographical land price relationships, and factors influencing the Iowa land market. The survey is not intended to provide a direct estimate for any particular piece of property.

The survey is an expert opinion survey based on reports by licensed real estate brokers, farm managers, appraisers, agricultural lenders, county assessors, and selected individuals considered to be knowledgeable of land market conditions. Respondents were asked to report for more than one county if they were knowledgeable about the land markets. The 2020 ISU Land Value Survey is based on 707 usable county-level land value estimates provided by 484 agricultural professionals.

Of the 484 respondents, 67% completed the survey online. Online responses allow participants to provide estimates for up to 13 counties. A web portal has been developed to facilitate the visualization and analysis of Iowa farmland values by pooling data from ISU, USDA, Federal Reserve Bank of Chicago, and the REALTORS® Land Institute Iowa Chapter, as well as by making use of charts over time and interactive county maps. The portal can be accessed at https://www.card.iastate.edu/farmland.

Participants in the survey are asked to estimate the value of high-, medium-, and low-quality land in their county. Comparative sales and other factors are taken into account by the respondents in making these value estimates. This survey is the only data source that provides an annual land value estimate at the county level for each of the 99 counties in Iowa. In addition, this survey provides estimates of high-, medium-, and low-quality land at the crop reporting district and state level.

Analysis by State

The 2020 state average for all quality of land was estimated to be $7,559 per acre as of November 1, 2020.

The statewide average value increased $127 per acre from November 2019.

The statewide average value increased 1.7% from November 2019.

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IOWA STATE UNIVERSITY Extension and Outreach

Analysis by Crop Reporting District

The highest average land values were reported in Northwest Iowa, $9,536 per acre.

The lowest average land values were reported in South Central Iowa, $4,658 per acre.

Land values across crop reporting districts saw an increase in general, with only the Southwest district reporting a decline in land values of 0.9%. The largest percentage increases were in the West Central and South Central districts, 3.9% and 3.8%, respectively. The Northeast and Northwest districts also reported an increase of 2% or higher.

Analysis by Counties

The highest value was estimated for Scott County, $10,659 per acre.

The lowest value was in Decatur County, $3,849 per acre.

Seventy-eight of 99 counties in Iowa reported a rise in land value, while the remaining 21 counties saw a decline.

The largest percentage increase, 7.7%, was reported in Wayne County. The largest dollar decrease was reported in Des Moines County, $241 per acre, while Lyon County saw the largest dollar increase, $577 per acre. The highest percentage decrease, 3.4%, was reported in Henry County.

Analysis by Quality of Land

Low-quality land statewide averaged $5,078 per acre, a 6.7%, or $319 per acre, increase. Low-quality land in the Northeast, West Central, South Central, and Southeast districts all saw increases of 8% or more; however, low-quality land in the North Central district posted the only decline, a loss of 0.5%, for low-quality land.

Medium-quality land averaged $7,119 per acre, an increase of 2.6% or $181 per acre.

High-quality land averaged $9,068 per acre, a decrease of 0.1% or $10 per acre. High-quality land in five of nine districts saw a modest increase, less than 2%, while East Central and Southwest districts reported a decline of more than 2%.

The West Central and South Central districts reported the largest gains in medium-quality land values, 5.0% and 4.4%, respectively. While no districts reported a loss in medium-quality land, the Southwest district only reported a nominal gain of $2 per acre.

Major Factors Influencing the Farmland Market

Most survey respondents listed positive and/or negative factors influencing the land market. Of all respondents, 73% listed at least one positive factor, and 70% listed at least one negative factor. In most cases, respondents listed multiple factors.

There were three positive factors listed by over 10% of respondents who provided at least one positive factor. The most frequently mentioned factor was favorable interest rates, mentioned by 26% of respondents. Limited land supply and recent commodity price rallies were the second- and third-most frequently mentioned positive factors, mentioned by 17% and 13% of respondents, respectively. Other frequently mentioned positive factors included COVID-related payments (8%), government payments (7%), and strong demand, especially by farmers (7%).

There were also three negative factors listed by more than 10% of respondents who identified at least one negative factor. The most frequently mentioned negative factor affecting land values was lower commodity prices, mentioned by 25% of respondents. Uncertainty due to the COVID-19 pandemic and weather uncertainty, such as the derecho, were the second- and third-most frequently mentioned negative factors, mentioned by 12% and 10% of respondents, respectively. Political uncertainty related to the 2020 election, poor yields, and general economic uncertainty were each mentioned by 4%–7% of respondents.

Number of Sales Compared to Previous Year

Thirty-eight percent of respondents reported more sales in 2020 relative to 2019. On the other end of the spectrum, just 19% reported fewer sales, and 43% reported the same level of sales in 2020 relative to 2019.

The South Central district has the lowest percentage of respondents who reported more sales, 25%, while the West Central, East Central, and Central districts have the highest percentage of respondents who reported more sales, with more than 40% each.

Land Sales by Buyer Category

The 2020 survey asked respondents what percent of the land was sold to five categories of buyers: existing local farmers, existing relocating farmers, new farmers, investors, or other.

The majority of farmland sales, 72%, were to existing farmers, of which existing local farmers capture 69% of land sales. Only 3% of sales were to existing relocating farmers. Investors represented 22% of land sales. New farmers represented 4% of sales, and other purchasers were 2% of sales.

Sales to existing local farmers by crop reporting district ranged from 78% in the Northwest district to 51% in the South Central district.

Sales to investors were highest in the South Central district (34%). The Northwest and Southeast districts reported the lowest investor activity (14%).

Land Sales by Seller Category

The 2020 survey asked respondents what percent of land was bought from five categories of sellers: active farmers, retired farmers, estate sales, investors, or other.

The majority of farmland sales, 51%, were from estate sales, followed by retired farmers at 23%. Active farmers account for 16% of sales, while investors accounted for 9%.

Estate sales by crop reporting district ranged from 64% in the Northwest district to 33% in the South Central district.

Sales by investors were highest in the South Central district (20%). The Southeast district reported the lowest investor sale activity (4%).

Respondents by Occupation and by Mode of Survey

The 2020 survey asked the main occupation of the respondent: farm managers, appraisers, agricultural lenders, brokers/realtors, government, farmers/landowners, and other. This year's survey also asked about the number of years' experience of respondents and number of counties they offer services in.

In total, 484 agricultural professionals completed the survey, providing 707 county land value estimates. Of these 484, agricultural lenders represented the largest group, accounting for 38% of all respondents. Brokers/realtors, farm managers, and county auditors or USDA FSA lenders were the next three largest groups, representing 18%, 14%, and 11% of respondents, respectively.

Of all respondents, the percentage of agricultural lenders ranged from 19% in the Central district to more than 45% in the Northwest, West Central, and Southwest districts.

Our respondents, on average, have 27 years of experience in their current profession and offer professional services to an average of eight counties. While government officials typically only serve three counties at most, realtors/brokers, appraisers, farm managers, and agricultural lenders offer services to 17, 15, 10, and 5 counties, respectively.

The survey was completed online by 67% of the 484 respondents. Seventy-one percent of the respondents only provided land value estimates for their primary county and 20% and 9% of the 484 respondents provided estimates for two and three counties, respectively.

Farmland Value and Cash Crop Price Predictions by Respondents

This year's survey asked respondents to predict land values and cash crop prices one and five years from now, as well as the prevailing interest rates for a 20-year farmland mortgage and a one-year operating loan.

Respondents had mixed views regarding the strength of the farmland market one year from now, but in general expect higher land values five years from now. Forty-four percent of respondents forecasted an increase in their local land market in one year, while 23% expected a lower land value and 33% forecasted no change. Looking five years ahead, a vast majority of the respondents (83%) expect a higher land value than current levels, with only 6% forecasting a decline.

Respondents expect a slow-but-steady improvement in both the corn and soybean cash crop markets. In particular, the predicted state average cash corn prices for November 2021 and 2025 (five years from now) are $3.92/bu. and $4.24/bu., respectively. The statewide average soybean price predictions are $9.97/bu. in one year and $10.59/bu. five years from now.

Respondents reported typical interest rates for 20-year farmland mortgages and one-year operating loans are 3.94% and 4.60%, respectively. These are significantly lower than one-year-ago levels due to drastic interest rate cuts by the Federal Reserve to combat the COVID-19 pandemic.

Land Quality and Corn Suitability Rating 2

To gauge how each respondent defined high-, medium-, and low-quality land for their county, we asked for estimated average CSR2 (Corn Suitability Rating 2) for high-, medium-, and low-quality land. We also asked for estimates of the percent of land area for each land quality class.

Results show that agricultural professionals have adapted to CSR2. Approximately 89% of participants provided at least one CSR2 estimate for the corresponding land quality classes. The estimated average CSR2 statewide for high-, medium-, and low-quality land is 83, 69, and 54 points respectively. The estimated percent of land area for high-, medium-, and low-quality land is 35%, 40%, and 25%, respectively.

In addition, respondents ranked high-, medium-, and low-quality land based on relative conditions in their region. For example, the average CSR2 for high-quality land in the South Central district is 72, which is only slightly larger than the CSR2 for low-quality land in the Northwest district (65).

Interpretation of the 2020 Survey Results

The 2020 ISU Land Value Survey shows a 1.7% increase in average Iowa farmland values from November 2019 to November 2020. The average statewide value of an acre of farmland is now estimated at $7,559. This modest rise is the third increase in Iowa farmland values over the past six years, and a second consecutive rise. The 2020 land value still represents a 13% decline from the 2013 peak in nominal land values, or a 22% drop in inflation-adjusted values.

The recent increase is largely attributable to record-level federal ad hoc payments, drastic cuts in interest rates by the Federal Reserve, recent surges in agricultural exports and commodity prices, and limited land supply. At the same time, the magnitude of this rise is still modest and represents an overall stable land market as opposed to one in rapid rebound. Many respondents still cited the uncertainty resulting from the COVID-19 pandemic, weather shocks such as the devastating derecho, and political and election uncertainty as negative factors influencing the land market. In general, survey respondents are optimistic about the strength of the future land market.

The 2020 ISU Land Value Survey revealed an overall positive, yet mixed, land value pattern across crop reporting districts, counties, and land quality classes. Local land supply and demand, as well as the local fluctuations in farm income, largely explain the variations across the state. All crop reporting districts, except for the Southwest district, reported an increase in land values—the largest percentage increases were in the West Central and South Central districts, 3.9% and 3.8%, respectively. The Northeast and Northwest districts also reported an increase of 2% or higher. Seventy-eight of 99 counties in Iowa reported a rise in land value, while the remaining 21 counties saw a decline. The largest percentage increase, 7.7%, was reported in Wayne County, while the highest percentage decrease (3.4%) was reported in Henry County.

In general, the results from the 2020 ISU Land Value Survey echo results from other surveys, which all showed relatively stable farmland market trends with recent signs of growth due to recent surging commodity prices and agricultural exports. In November 2020, the Federal Reserve Bank of Chicago reported a 1% increase in Iowa's "good" farmland values from October 2019 to October 2020. In September, the REALTORS Land Institute reported an overall 0.1% increase in Iowa cropland values from September 2018 to September 2019. In contrast, US Department of Agriculture June Area Survey reported a 1.7% decline in Iowa's agricultural real estate values (land and building) from June 2019 to June 2020, reflecting uncertainty due to the pandemic.

The 2020 ISU Land Value Survey shows that the majority of farmland sales, 72%, were to existing farmers. Investors represented 22% of land sales. Thirty-eight percent of respondents reported more sales in 2020 relative to 2019, compared to only 19% reporting fewer sales.

The farmland value estimates from the ISU survey are average estimates for all farmland in a county, which includes cropland as well as pasture, CRP, and timberland. Specifically, we asked respondents to estimate "farmland value for average-sized farms in your county as of November 1, 2020."

An opinion survey is just that—it represents the collective opinion of the survey respondents. Most of the respondents will use actual sales to formulate their opinions but each person can choose to weigh or discount particular sales as they deem necessary. The ISU Land Value Survey is an opinion survey, as are the surveys conducted by Federal Reserve Bank, USDA, and the Realtor Land Institute. It is important to consider the survey respondents, the questions asked, the time period covered, and other factors relating to a particular survey. As a result, it is important to note that when comparing results across surveys for Iowa and neighboring states, it is better to compare percentage change over time as opposed to dollar amount per acre.

The ISU Land Value Survey is intended to provide information on general land value trends and factors influencing the Iowa land market, it is not intended to provide a direct estimate for any particular piece of property. We recommend interested buyers or sellers hire an appraiser to conduct a formal appraisal of particular parcel, go to county assessor websites, or examine recent auction results for comparable parcels in their region.

Outlook for Land Values in 2021 and Beyond

The Iowa farmland market saw its third, albeit modest, increase in the past six years. The estimated $7,559 per acre statewide average for all qualities of land in Iowa represents a 1.7% increase in nominal land values from November 2019. If we examine the inflation-adjusted land values, this would represent a $59/acre, or 0.9%, increase from one year ago. In nominal terms, the $7,559 per acre value in 2020 represents a 13% loss off the peak land value of $8,716 in 2013. After adjusting for inflation with the Consumer Price Index (CPI), it represents a 22% decline from the 2013 peak.

The increase is likely a result of record-level federal ad hoc payments, drastic cuts in interest rates by the Federal Reserve, recent surges in agricultural exports and commodity prices, and limited land supply. Although this recent rise is very modest in magnitude, the farmland market in Iowa and across the Midwest is holding up remarkably well despite significant uncertainty due to the COVID-19 pandemic and the devastating derecho.

According to USDA Economic Research Service's December 2020 farm income forecast, US net farm income is forecast to increase $36.0 billion (43.1%) from 2019 levels to $119.6 billion in 2020 (in inflation-adjusted terms, a 41.3% rise). Notably, this increase is largely due to a record-level $46.5 billion in direct government payments, which are largely the supplemental and ad hoc disaster assistance for COVID-19 relief. In other words, the growth in farm income is almost entirely driven by the substantial COVID-19-related government payments such as CFAP (Coronavirus Food Assistance Program). Despite the recent commodity price rallies due to stronger exports, the economic fundamentals of the US farm economy have not substantially improved yet. In these trying times with significant uncertainty, the strong federal government payments and drastic cuts in interest rates by the Federal Reserve have injected stability into the farmland market.

Put simply, land value is the net present value of all discounted future income flows. With certain assumptions imposed, one could think of land value being net income divided by interest (discount) rate. To understand the changes in land value over time and across space, it is useful to examine how net income and interest rates will change over the next few years. Improving commodity prices, rising farm income, and lower interest rates tend to exert upward pressures on land values.

From this perspective, the recent modest increase and overall stabilization of the farmland market is consistent with reports on rising farm income as well as several other underlying supply and demand factors. First, the surges in international sales, especially to China, have led to projected record-high corn exports this marketing year, and a doubling of soybean sales compared to this time last year. Due to the Phase 1 trade deal and China's hog recovery effort, China also bought record-levels of US beef and pork. Our research shows that China is projected to import a record-level $31 billion in US agricultural products in 2020. The major upward swings in exports led to rosier price outlooks—USDA forecasts the 2020 season-average corn and soybean prices at $4/bu. and $10.40/bu., respectively, the highest levels since 2013. As a result, both crops now offer comfortable profit margins based on the 2020 Iowa Cost of Production estimates. Second, the Federal Reserve drastically cut the federal funds rate to near-zero levels to combat COVID-19. Many respondents to the 2020 survey reported much lower rates for 20-year farmland mortgage and operating loans when compared to estimates one year ago. Lower interest rates kept the increase in interest expenses at modest levels and supported farm profitability. Third, the farmland market has always been a thin market with few farmland sales; however, in the past six years, the farmland market has been extremely tight. In this year's survey, only 38% of respondents reported more sales activity, while 19% and 43% reported less or similar sales activities, respectively. The percent of respondents reporting more sales is higher than recent years, but it is still fairly low. The limited farmland supply helped buoy market prices in many areas across the state. Fourth, despite the devastating derecho that caused heavy damage in the Central and East Central districts, the Iowa corn and soybean yields remain decent and stronger than expected. In November 2020, USDA forecasted corn yields of 184 bu./acre and soybean yields of 52 bu./acre for Iowa. Nationally, we will see the third-largest corn crop and the fourth-largest soybean crop on record.

Across the nine crop reporting districts and 99 counties, land value patterns were localized and mixed, driven by changes in local land supply and demand. While land values could be thought of as net income divided by interest rates, net income tends to be localized while interest rates are more universal. All crop

reporting districts except for the Southwest district reported an increase in land values, and 78 of 99 counties in Iowa reported a rise in land value. While high-quality land in Iowa saw an overall decrease of 0.1%, the value of low-quality land statewide grew 6.7%, with the Northeast, West Central, South Central, and Southeast districts all reporting increases of 8% or more. This disparity could be a result of multiple factors—the derecho mainly affected the Central and East Central districts, where cropland acres are more concentrated, and the initial shocks from the COVID-19 pandemic led to greater loss of livestock and declining ethanol prices. In contrast, strong demand for recreational tracts continues to create a surge in low-quality land values across central Iowa, especially as hunting grounds and other tracts allowing outdoor social-distancing become more appealing. It is also important to note that a relatively small dollar change results in a high percent change for low-quality land values; furthermore, our previous research shows that experts' estimates are less informative and noisier for low-quality land, suggesting that more trust should be put in the ISU Land Value Survey for high-quality land values than for low-quality land values. The 2020 ISU Land Value Survey also shows that 69% of farmland sales were to existing local farmers, and they typically only look for land sales near their farm, or at least in the same county. Due to the limited land supply, this suggests that local conditions of the land market, especially the competitiveness of the land market and desirability of land parcels, explain the variations in land value patterns across districts, counties, and land quality classes.

Across the Corn Belt and Great Plains, the land market saw mixed signals, yet remained relatively stable in general. Many neighboring states also experienced stable trends and some also saw recent increases in land values, especially in surveys conducted in recent months in light of commodity market rallies. The Illinois Society of Professional Farm Managers and Rural Appraisers and University of Illinois reported in March 2020 that Illinois land values have been stable for excellent quality land and lower-quality land declined 1%–3% from January 2019 to January 2020. The March 2020 Nebraska report indicated the average market value of farmland increased by 3% compared to one year earlier. The January 2020 Minnesota report showed statewide average farmland sales prices declined by 2.5% from 2018 to 2019. The 2020 land value survey conducted by Purdue University reported a 1.0% and 1.7 % decline for Indiana's statewide top- and medium-quality farmland values, respectively, from December 2019 to June 2020; however, their report also showed overall 3%–6% growth in Indiana land values due to higher land values in late 2019. The quarterly AgLetter report by the Chicago Federal Reserve Bank issued in November 2020 indicated a 2% increase in Illinois, a 1% increase in Iowa, and 3% and 6% growth for Wisconsin and Indiana, respectively, for the period of October 1, 2019, to October 1, 2020. It also reported an overall 2% growth over the last quarter for the seventh district and a 2%–3% increase for Indiana and Iowa land values. The quarterly Ag Credit survey conducted by the Kansas City Federal Reserve Bank, published in November 2020, revealed that the values of non-irrigated cropland across the tenth district grew 3% from the previous year.

The stabilization in the land market and recent commodity market rallies offered our respondents' optimism and confidence in the future farmland market, especially in the medium term. Forty-five percent of respondents forecasted an increase in their local land market in one year, while 22% expected a lower land value and 32% forecasted no change. Looking five years ahead, a vast majority of the respondents (83%) expect a higher land value than current levels, with only 6% forecasting a decline. This is consistent with respondents' corn and soybean price forecasts—respondents expect a substantial export-driven hike in both corn and soybean cash crop markets. The Ag Economy Barometer led by Purdue University, a nationwide monthly agricultural producer survey, showed the highest farmer ag economy sentiment index reading since 2015. That survey showed that 54% of the surveyed farmers expect higher farmland prices five years from now. These opinions are also consistent with farmers' sentiments about trade with China—although the sentiment has declined in recent months, 50% of farmers still believe that the trade dispute with China will ultimately be resolved in a way that benefits US agriculture.

There are at least two unique factors at play for the current and future land markets. While it is now cliché to call the COVID-19 pandemic unprecedented, it did lead to several new changes: (*a*) institutional food demand (e.g., schools and catering) and food consumption away from home were decimated due to changes in food demand patterns; (*b*) demand for ethanol was severely affected due to travel restrictions and consumers being less willing to travel; (*c*) the COVID-19 pandemic resulted in shifts from face-to-face land auctions to private listings or brokered sales and online auctions; and, (*d*) the COVID-19 pandemic both triggered further deterioration in US-China relations and, at the same time, made the Phase 1 trade deal even more politically significant as other high-level communication channels all vanished. Only time will tell how permanent these factors are, but long-term shifts in farm income will eventually be capitalized

in future land values.

At the same time, the Federal Reserve implemented drastic cuts in March 2020 to combat COVID-19 economic uncertainties, which resulted in a near-zero federal funds rate and a further reduction of average farmland loan rates from 5% to 4.5% or lower. In this year's survey, favorable interest rates was the most frequently mentioned factor supporting Iowa farmland values (26% of respondents). In addition, our recent research also suggests the long-lasting impacts of interest rate changes on farmland values—the large cut in the federal funds rate in 2020 will fully offset the 2015–2018 federal funds rate hikes made by the Federal Reserve, and the 2020 rate cut will dominate the interest rate impact for the foreseeable future.

Farmland has historically been a fairly robust investment that generates relatively stable returns, especially when compared with other investments, such as stocks. This stability becomes even more appealing in 2020, as the stock and bulk commodity markets exhibited substantial volatility with the unfolding of the COVID-19 pandemic. Since 1941, the nominal and inflation-adjusted Iowa farmland values have averaged a 6.4% and 2.5% increase per year, respectively. Farmland values have increased 72% of years, decreased 26% of years, and remained unchanged for three years between 1910 and 2020. While 29% of farmland in Iowa is primarily owned for family or sentimental reasons, the strong robust returns for farmland have, and will continue to, attract interested farmers and investors to invest in the farmland market.

There are several new uncertainties worth watching over the next year or two. First, several of our respondents mentioned the political uncertainty due to the 2020 Presidential and Senate races, and more broadly, what the agricultural, trade, and conservation policy priorities will be under a Biden administration. Key issues include environmental regulations, possible new trade agreements, and policies related to renewable energies and agricultural-climate policies. Second, even with the availability of vaccines, the pandemic's duration and trajectory are not entirely clear, and the same can be said for the speed of the US and global economic recoveries. Third, China has once again proven itself to be an indispensable trading partner of US agriculture, however, their record level purchases are still projected to fall below the Phase 1 trade deal target. Trying bilateral relations, negative news about the trade deals, and the possible cancellation of commodity shipments will have significant impacts on farm income and land values. Fourth, it is interesting to see whether the farm policy continues on the path of massive federal ad hoc payments, such as trade aid through the Market Facilitation Program or COVID-19 relief through the CFAP program. Arguably, these represent a major redirection of farm policy away from Congress's decoupling efforts that started with the 1996 Farm Bill. Finally, it is critical to watch for whether the uncertainty posed by the pandemic lead to landowners' growing interest in selling land, or more stressed sales from financially stressed producers.

This recent modest increase in the Iowa farmland market is a result of lower interest rates, substantial government payments, strong demand, and limited land supply. The increase is modest, but indicates the stability of the farmland market. The interest rate cuts and agricultural export surges will have significant implications on commodity prices, farm incomes, and farmland values. While no one can predict the future, it seems that Iowa farmland values have proved resilient during the pandemic.

Table 1. Recent Changes in Iowa Farmland Values, 1973–2020

	Value Per Acre	Dollar Change	% Change		Value Per Acre	Dollar Change	% Change
1973	635	153	31.7	1997	1837	155	9.2
1974	834	199	31.3	1998	1801	-36	-2.0
1975	1095	261	31.3	1999	1781	-20	-1.1
1976	1368	273	24.9	2000	1857	76	4.3
1977	1450	82	6.0	2001	1926	69	3.7
1978	1646	196	13.5	2002	2083	157	8.2
1979	1958	312	19.0	2003	2275	192	9.2
1980	2066	108	5.5	2004	2629	354	15.6
1981	2147	81	3.9	2005	2914	285	10.8
1982	1801	-346	-16.1	2006	3204	290	10.0
1983	1691	-110	- 6.1	2007	3908	704	22.0
1984	1357	-334	-19.8	2008	4468	560	14.3
1985	948	-409	-30.1	2009	4371	-97	-2.2
1986	787	-161	-17.0	2010	5064	693	15.9
1987	875	88	11.2	2011	6708	1644	32.5
1988	1054	179	20.5	2012	8296	1588	23.7
1989	1139	85	8.1	2013	8716	420	5.1
1990	1214	75	6.6	2014	7943	-773	-8.9
1991	1219	5	.4	2015	7633	-310	-3.9
1992	1249	30	2.5	2016	7183	-450	-5.9
1993	1275	26	2.1	2017	7326	143	2.0
1994	1356	81	6.4	2018	7264	-61	-0.8
1995	1455	99	7.3	2019	7432	168	2.3
1996	1682	227	15.6	2020	7559	127	1.7

Table 2. Iowa Farmland Values and Percentage Change by District and Land Quality as of November 2020

District	Average Value	% Change	High Quality	% Change	Medium Quality	% Change	Low Quality	% Change
Northwest	$9,536	2.0%	$10,780	0.2%	$8,993	4.2%	$6,486	6.4%
North Central	$7,927	0.2%	$8,889	0.3%	$7,350	1.4%	$5,297	-0.5%
Northeast	$7,525	2.7%	$9,182	1.5%	$6,980	2.2%	$5,213	8.5%
West Central	$7,859	3.9%	$9,159	1.6%	$7,433	5.0%	$5,492	11.0%
Central	$8,485	1.8%	$9,800	0.5%	$7,883	3.1%	$5,793	6.0%
East Central	$8,524	0.6%	$10,199	-2.1%	$7,959	1.7%	$5,599	6.1%
Southwest	$6,112	-0.9%	$7,484	-3.7%	$5,843	0.0%	$4,055	5.5%
South Central	$4,658	3.8%	$6,408	-0.1%	$4,563	4.4%	$3,262	10.4%
Southeast	$6,935	1.0%	$9,299	-0.4%	$6,639	0.3%	$4,134	9.1%
STATE (avg)	**$7,559**	**1.7%**	**$9,068**	**-0.1%**	**$7,119**	**2.6%**	**$5,078**	**6.7%**

Table 3. Iowa Farmland Values by Crop Reporting District and Quality of Land, 2009–2020 ($)

Year	State Avg	Northwest	North Central	Northeast	West Central	Central	East Central	Southwest	South Central	Southeast
					All Quality					
2009	4371	5364	4827	4464	4652	5026	4796	3559	2537	3832
2010	5064	6356	5746	5022	5466	5901	5447	4325	2690	4296
2011	6708	8338	7356	6602	7419	7781	7110	5905	3407	5705
2012	8296	11404	9560	8523	9216	9365	8420	7015	4308	6172
2013	8716	10960	9818	9161	9449	9877	9327	7531	4791	6994
2014	7943	9615	8536	8151	8424	9087	9008	6513	4475	7215
2015	7633	9685	7962	7861	8061	8505	8506	6372	4397	6892
2016	7183	9243	7562	7313	7358	7841	7917	6060	4241	6716
2017	7326	9388	7802	7543	7377	8097	8218	6058	4172	6864
2018	7264	9311	7789	7543	7413	7899	8004	6060	4329	6619
2019	7432	9352	7912	7325	7564	8336	8475	6166	4487	6868
2020	7559	9536	7927	7525	7859	8485	8524	6112	4658	6935
					High Quality					
2009	5321	6129	5371	5349	5552	5939	5738	4539	3710	5306
2010	6109	7283	6397	6076	6585	7026	6152	5335	3892	5862
2011	8198	9649	8601	7994	8889	9332	8675	7418	5109	7721
2012	10181	12890	10765	10708	11128	11139	10201	8818	6437	8879
2013	10828	12824	11159	11423	11591	11803	11631	9591	7150	9785
2014	9854	11201	9630	10083	10275	10780	11034	8482	6663	10150
2015	9364	11229	8976	9575	9684	10087	10289	8031	6445	9536
2016	8758	10650	8442	8892	8874	9299	9502	7527	5980	9265
2017	8933	10829	8730	9151	8881	9568	9900	7571	5908	9471
2018	8863	10767	8699	9198	8834	9313	9768	7738	6055	9063
2019	9078	10757	8858	9050	9017	9749	10421	7768	6416	9341
2020	9068	10780	8889	9182	9159	9800	10199	7484	6408	9299
					Medium Quality					
2009	4076	4977	4450	4193	4371	4615	4465	3386	2443	3535
2010	4758	5883	5300	4664	5111	5386	5445	4140	2596	4053
2011	6256	7708	6713	6290	6981	7029	6510	5553	3353	5468
2012	7773	11011	8691	7815	8619	8466	8128	6732	4219	5685
2013	8047	9918	8824	8573	8725	8930	8567	7137	4715	6605
2014	7359	8698	7874	7591	7827	8327	8388	6108	4318	6715
2015	7127	8834	7352	7460	7581	7758	7934	6038	4282	6525
2016	6705	8468	6992	6994	6870	7186	7396	5683	4128	6283
2017	6849	8555	7218	7236	6824	7426	7674	5756	4079	6548
2018	6805	8548	7214	7116	6935	7341	7452	5671	4244	6353
2019	6938	8633	7248	6833	7076	7649	7823	5841	4371	6616
2020	7119	8993	7350	6980	7433	7883	7959	5843	4563	6639
					Low Quality					
2009	2884	3490	3281	3177	3134	3203	3240	2286	1685	2281
2010	3357	4161	3976	3517	3542	3724	3840	2868	1794	2620
2011	4257	5196	4900	4352	4766	4848	4671	3824	1984	3335
2012	5119	7162	6303	5288	5877	5718	5013	4484	2562	3226
2013	5298	6845	6421	5670	5926	5918	5449	4592	2843	3651
2014	4878	6091	5428	5256	5173	5582	5479	3860	2808	3891
2015	4834	6252	5372	5242	5082	5292	5366	4070	2750	3797
2016	4665	6019	5164	4847	4577	5158	5153	4189	2892	3783
2017	4689	6216	5265	4965	4684	4993	5305	3935	2824	3768
2018	4609	6018	5161	5056	4720	4932	4911	3790	2953	3656
2019	4759	6099	5325	4803	4950	5467	5279	3844	2955	3790
2020	5078	6486	5297	5213	5492	5793	5599	4055	3262	4134

Table 4. Level of Sales Activity, 2020 (Percent)

	More	Less	Same
Northwest	39	19	42
North Central	38	13	49
Northeast	33	16	51
West Central	40	25	35
Central	47	26	26
East Central	57	11	31
Southwest	29	11	61
South Central	25	22	52
Southeast	27	20	53
STATE	38	19	43

Table 5. Iowa Land Purchases by Buyer Type, 2020 (Percent)

	Existing Local Farmers	Existing Relocating Farmers	New Farmers	Investors	Other
Northwest	78	2	4	14	2
North Central	70	1	2	26	1
Northeast	73	2	7	17	1
West Central	71	1	4	22	2
Central	64	2	5	25	4
East Central	71	3	4	22	2
Southwest	62	4	4	28	2
South Central	51	4	9	34	2
Southeast	75	5	3	14	3
STATE	69	3	4	22	2

Table 6. Iowa Land Purchases by Seller Type, 2020 (Percent)

	Active Farmers	Retired Farmers	Estate Sales	Investors	Other
Northwest	14	14	64	7	1
North Central	15	15	59	10	1
Northeast	14	28	50	6	2
West Central	14	20	59	6	1
Central	14	21	52	10	3
East Central	20	25	46	8	1
Southwest	15	28	44	11	2
South Central	18	27	33	20	2
Southeast	11	30	52	4	3
STATE	16	23	51	9	1

Table 7. Survey Respondents and Responses by Mode, 2020

(Some respondents report on more than one county)

	Paper	Online	# Responses	Paper	Online	# Respondents
	(Percent)			(Percent)		
Northwest	35	65	79	37	63	65
North Central	33	67	86	35	65	63
Northeast	26	74	95	35	65	69
West Central	37	63	81	38	62	58
Central	31	69	102	36	64	63
East Central	30	70	71	28	72	47
Southwest	17	83	59	21	79	37
South Central	24	76	66	29	71	49
Southeast	28	72	68	27	73	33
STATE	30	70	707	33	67	484

Table 8. Survey Respondents by Occupation, 2020 (Percent)

	Farm manager	Appraiser	Ag lender	Broker/ Realtor	Farmer/ Landowner	Government	Other
Northwest	20	0	45	20	8	8	0
North Central	16	10	37	11	13	11	3
Northeast	9	10	39	12	17	6	7
West Central	12	5	47	12	3	21	0
Central	17	11	19	24	14	13	2
East Central	15	11	36	26	6	2	4
Southwest	11	8	49	11	8	14	0
South Central	8	4	33	33	4	14	4
Southeast	12	12	39	9	15	9	3
STATE	14	8	38	18	10	11	3

Table 9. Experience and Service Area by District and Respondent Occupation, 2020

Crop reporting district	Years of experience	Number of counties served	Occupation	Years of experience	Number of counties served
Northwest	29	7	Farm manager	29	10
North Central	31	10	Appraiser	25	15
Northeast	26	6	Ag lender	23	5
West Central	25	6	Broker/Realtor	28	17
Central	28	15	Farmer/Landowner	39	5
East Central	24	7	Government	21	1
Southwest	26	5	Other	38	5
South Central	22	7			
Southeast	26	5			
STATE	27	8	STATE	27	8

Table 10. Predicted Percent Change in Local Land Value One Year from Now (November 2020 to 2021)

	Decrease 5% or more	Decrease 3%–5%	Decrease <3%	No change	Increase 5% or less	Increase 5%–10%	Increase >10%
				(Percent)			
Northwest	3	7	13	37	24	12	4
North Central	1	15	16	27	27	8	6
Northeast	2	9	14	31	31	5	8
West Central	2	4	7	28	44	11	4
Central	0	2	11	32	40	9	6
East Central	2	6	12	37	31	8	4
Southwest	3	9	8	29	20	22	9
South Central	8	4	18	35	23	10	2
Southeast	0	16	3	30	40	6	5
STATE	**2**	**8**	**13**	**33**	**31**	**10**	**3**

Table 11. Predicted Percent Change in Local Land Value Five Years from Now (November 2020 to 2025)

	Decrease 5% or more	Decrease <5%	No change	Increase 5% or less	Increase 5%–10%	Increase 10%–15%	Increase 15%–20%	Increase >20%
				(Percent)				
Northwest	2	4	10	16	33	10	12	13
North Central	2	1	11	17	22	20	12	15
Northeast	6	6	17	7	29	18	8	9
West Central	2	5	0	5	26	23	18	21
Central	1	5	7	3	28	21	15	20
East Central	7	3	9	12	33	24	5	7
Southwest	0	0	13	10	21	24	13	19
South Central	6	0	19	8	15	17	22	13
Southeast	3	0	12	5	32	29	3	15
STATE	**3**	**3**	**11**	**10**	**27**	**20**	**12**	**14**

Table 12. Iowa Cash Crop Price Predictions for November 2021 and 2025 ($/bu.)

	Predicted Cash Corn Prices		Predicted Cash Soybean Prices	
	November 2021	November 2025	November 2021	November 2025
Northwest	$3.88	$4.09	$9.84	$10.19
North Central	$3.91	$4.14	$10.00	$10.28
Northeast	$3.94	$4.21	$9.96	$10.69
West Central	$3.93	$4.18	$9.91	$10.28
Central	$3.93	$4.31	$10.01	$10.83
East Central	$3.97	$4.35	$10.05	$10.73
Southwest	$3.90	$4.30	$9.90	$10.70
South Central	$3.86	$4.31	$10.00	$11.03
Southeast	$4.04	$4.39	$10.22	$11.04
STATE	$3.92	$4.24	$9.97	$10.59

Table 13. Estimated Average CSR2 and Percent of Land Area by Land Quality, 2020

	Reported Average CSR2			Reported Percent of Land Area		
	High Quality	Medium Quality	Low Quality	High Quality	Medium Quality	Low Quality
Northwest	89	80	65	44	35	21
North Central	86	75	60	40	40	20
Northeast	83	69	51	35	39	26
West Central	80	68	54	36	39	25
Central	86	74	60	42	39	19
East Central	86	72	55	35	38	27
Southwest	76	62	48	26	47	27
South Central	72	56	40	24	42	34
Southeast	82	66	47	28	41	30
STATE	83	69	54	35	40	25

Table 14. Estimated Average Mortgage and Operating Loan Rate, 2020 (Percent)

	Interest Rates	
	20-Year Farmland Mortgage	1-Year Operating Loan
Northwest	3.89	4.84
North Central	3.85	4.59
Northeast	3.93	4.50
West Central	3.93	4.64
Central	3.80	4.53
East Central	3.90	4.29
Southwest	4.06	4.47
South Central	4.15	4.77
Southeast	4.06	4.75
STATE	3.94	4.60

Table 15. Comparative Iowa Land Values, 2019–2020

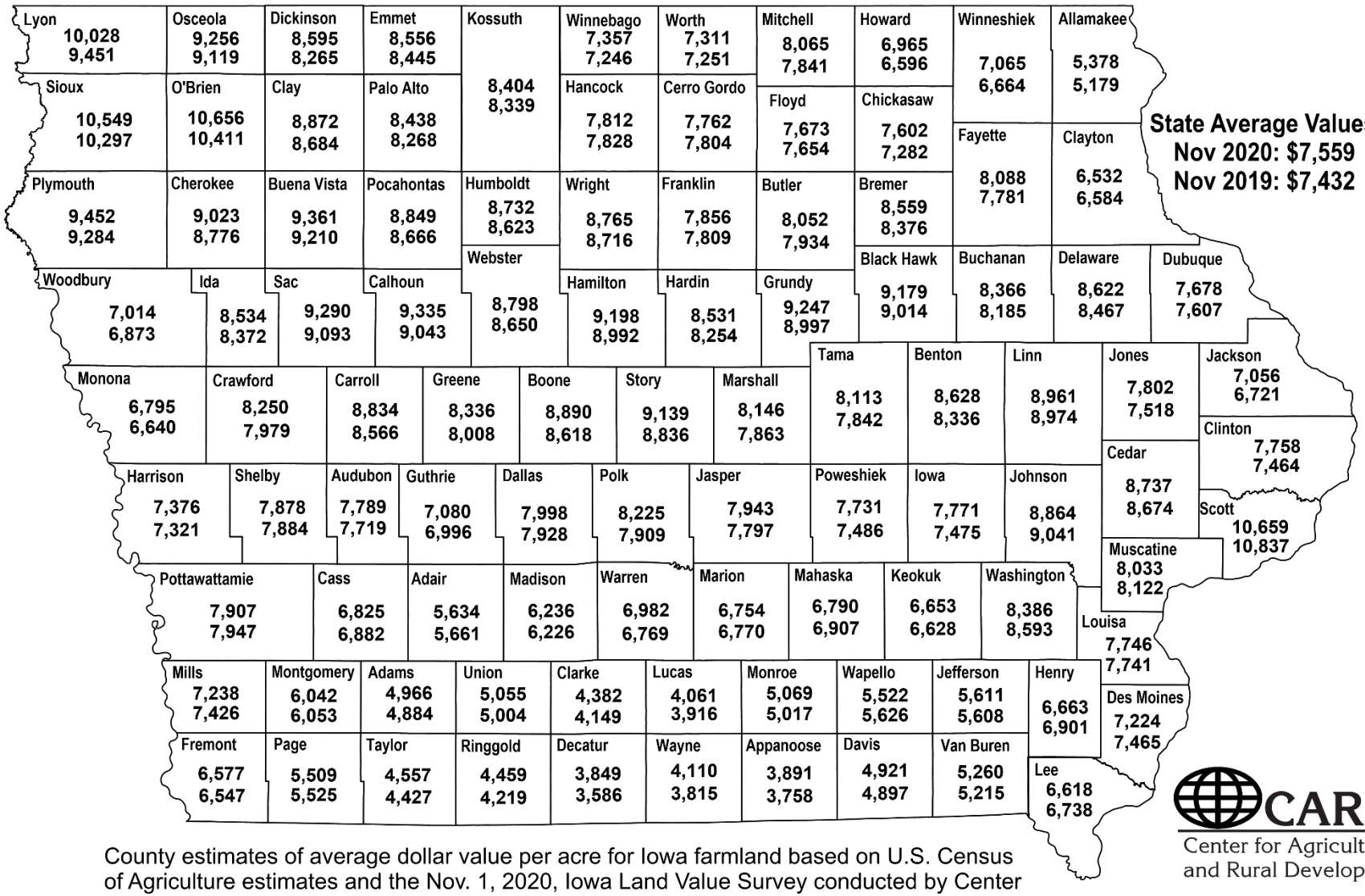
Comparative Iowa Land Values
2019–2020

By Crop Reporting District:

District Name	2020 $/acre	2019 $/acre	2019-2020 $ change	2019-2020 % change
Northwest	$ 9,536	$ 9,352	$184	2.0%
North Central	$ 7,927	$ 7,912	$15	0.2%
Northeast	$ 7,525	$ 7,325	$200	2.7%
West Central	$ 7,859	$ 7,564	$295	3.9%
Central	$ 8,485	$ 8,336	$149	1.8%
East Central	$ 8,524	$ 8,475	$50	0.6%
Southwest	$ 6,112	$ 6,166	-$54	-0.9%
South Central	$ 4,658	$ 4,487	$170	3.8%
Southeast	$ 6,935	$ 6,868	$67	1.0%
State Average	**$ 7,559**	**$ 7,432**	**$127**	**1.7%**

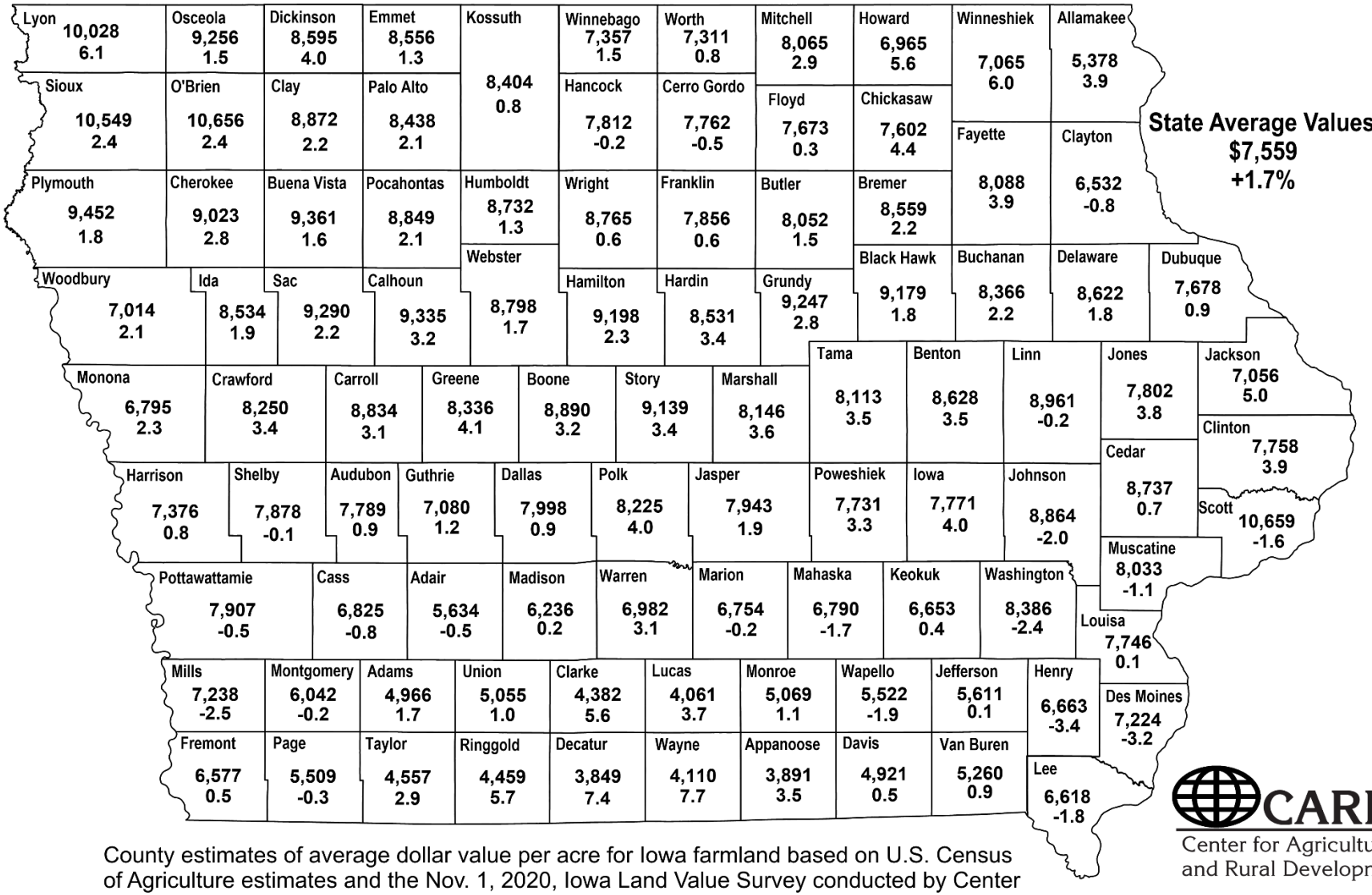
By County:

County Name	2020 $/acre	2019 $/acre	2019-2020 $ change	2019-2020 % change
Adair	$ 5,634	$ 5,661	-$27	-0.5%
Adams	$ 4,966	$ 4,884	$81	1.7%
Allamakee	$ 5,378	$ 5,179	$200	3.9%
Appanoose	$ 3,891	$ 3,758	$133	3.5%
Audubon	$ 7,789	$ 7,719	$70	0.9%
Benton	$ 8,628	$ 8,336	$292	3.5%
Black Hawk	$ 9,179	$ 9,014	$164	1.8%
Boone	$ 8,890	$ 8,618	$272	3.2%
Bremer	$ 8,559	$ 8,376	$183	2.2%
Buchanan	$ 8,366	$ 8,185	$181	2.2%
Buena Vista	$ 9,361	$ 9,210	$151	1.6%
Butler	$ 8,052	$ 7,934	$118	1.5%
Calhoun	$ 9,335	$ 9,043	$293	3.2%
Carroll	$ 8,834	$ 8,566	$268	3.1%
Cass	$ 6,825	$ 6,882	-$57	-0.8%
Cedar	$ 8,737	$ 8,674	$62	0.7%
Cerro Gordo	$ 7,762	$ 7,804	-$41	-0.5%
Cherokee	$ 9,023	$ 8,776	$247	2.8%
Chickasaw	$ 7,602	$ 7,282	$320	4.4%
Clarke	$ 4,382	$ 4,149	$232	5.6%
Clay	$ 8,872	$ 8,684	$188	2.2%
Clayton	$ 6,532	$ 6,584	-$52	-0.8%
Clinton	$ 7,758	$ 7,464	$293	3.9%
Crawford	$ 8,250	$ 7,979	$271	3.4%
Dallas	$ 7,998	$ 7,928	$70	0.9%
Davis	$ 4,921	$ 4,897	$24	0.5%
Decatur	$ 3,849	$ 3,586	$264	7.4%
Delaware	$ 8,622	$ 8,467	$155	1.8%
Des Moines	$ 7,224	$ 7,465	-$241	-3.2%
Dickinson	$ 8,595	$ 8,265	$330	4.0%
Dubuque	$ 7,678	$ 7,607	$71	0.9%
Emmet	$ 8,556	$ 8,445	$110	1.3%
Fayette	$ 8,088	$ 7,781	$307	3.9%
Floyd	$ 7,673	$ 7,654	$19	0.3%
Franklin	$ 7,856	$ 7,809	$47	0.6%
Fremont	$ 6,577	$ 6,547	$30	0.5%
Greene	$ 8,336	$ 8,008	$328	4.1%
Grundy	$ 9,247	$ 8,997	$250	2.8%
Guthrie	$ 7,080	$ 6,996	$85	1.2%
Hamilton	$ 9,198	$ 8,992	$206	2.3%
Hancock	$ 7,812	$ 7,828	-$16	-0.2%
Hardin	$ 8,531	$ 8,254	$277	3.4%
Harrison	$ 7,376	$ 7,321	$55	
Henry	$ 6,663	$ 6,901	-$238	
Howard	$ 6,965	$ 6,596	$369	
Humboldt	$ 8,732	$ 8,623	$110	
Ida	$ 8,534	$ 8,372	$162	
Iowa	$ 7,771	$ 7,475	$296	
Jackson	$ 7,056	$ 6,721	$335	
Jasper	$ 7,943	$ 7,797	$145	
Jefferson	$ 5,611	$ 5,608	$3	
Johnson	$ 8,864	$ 9,041	-$177	
Jones	$ 7,802	$ 7,518	$284	
Keokuk	$ 6,653	$ 6,628	$25	
Kossuth	$ 8,404	$ 8,339	$65	
Lee	$ 6,618	$ 6,738	-$120	
Linn	$ 8,961	$ 8,974	-$14	
Louisa	$ 7,746	$ 7,741	$5	
Lucas	$ 4,061	$ 3,916	$145	
Lyon	$ 10,028	$ 9,451	$577	
Madison	$ 6,236	$ 6,226	$10	
Mahaska	$ 6,790	$ 6,907	-$117	
Marion	$ 6,754	$ 6,770	-$16	
Marshall	$ 8,146	$ 7,863	$283	
Mills	$ 7,238	$ 7,426	-$188	
Mitchell	$ 8,065	$ 7,841	$224	
Monona	$ 6,795	$ 6,640	$154	
Monroe	$ 5,069	$ 5,017	$53	
Montgomery	$ 6,042	$ 6,053	-$11	
Muscatine	$ 8,033	$ 8,122	-$89	
O'Brien	$ 10,656	$ 10,411	$245	
Osceola	$ 9,256	$ 9,119	$137	
Page	$ 5,509	$ 5,525	-$16	
Palo Alto	$ 8,438	$ 8,268	$170	
Plymouth	$ 9,452	$ 9,284	$168	
Pocahontas	$ 8,849	$ 8,666	$182	
Polk	$ 8,225	$ 7,909	$316	
Pottawattamie	$ 7,907	$ 7,947	-$40	
Poweshiek	$ 7,731	$ 7,486	$245	
Ringgold	$ 4,459	$ 4,219	$240	
Sac	$ 9,290	$ 9,093	$197	
Scott	$ 10,659	$ 10,837	-$178	
Shelby	$ 7,878	$ 7,884	-$6	
Sioux	$ 10,549	$ 10,297	$252	
Story	$ 9,139	$ 8,836	$303	
Tama	$ 8,113	$ 7,842	$271	
Taylor	$ 4,557	$ 4,427	$130	
Union	$ 5,055	$ 5,004	$50	
Van Buren	$ 5,260	$ 5,215	$45	
Wapello	$ 5,522	$ 5,626	-$104	
Warren	$ 6,982	$ 6,769	$213	
Washington	$ 8,386	$ 8,593	-$207	
Wayne	$ 4,110	$ 3,815	$295	
Webster	$ 8,798	$ 8,650	$148	
Winnebago	$ 7,357	$ 7,246	$111	
Winneshiek	$ 7,065	$ 6,664	$401	
Woodbury	$ 7,014	$ 6,873	$141	
Worth	$ 7,311	$ 7,251	$60	
Wright	$ 8,765	$ 8,716	$50	



County estimates of average dollar value per acre for Iowa farmland based on U.S. Census of Agriculture estimates and the Nov. 1, 2020, Iowa Land Value Survey conducted by Center for Agricultural and Rural Development, Iowa State University and Iowa State University Extension and Outreach. The top figure is the estimated Nov. 1, 2020, value; the bottom figure is the estimated Nov. 1, 2019, value.

Figure 1. 2019 and 2020 Iowa average land values, by county.



County estimates of average dollar value per acre for Iowa farmland based on U.S. Census of Agriculture estimates and the Nov. 1, 2020, Iowa Land Value Survey conducted by Center for Agricultural and Rural Development, Iowa State University and Iowa State University Extension and Outreach. The top figure is the estimated Nov. 1, 2020, value; the bottom figure is the percentage of change from the estimated Nov. 1, 2019, value.

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Figure 2. Percentage change in Iowa land values 2019 to 2020.

Estimates of average dollar value per acre for high, medium, and low grade farmland on Nov. 1, 2020, by Iowa Crop Reporting District, and the Crop Reporting District average and the average percentage change from Nov. 1, 2019. The estimates are based on a survey conducted by Iowa State University, Center for Agricultural and Rural Development and Iowa State University Extension and Outreach.

Figure 3. 2020 Iowa land values by crop reporting district.

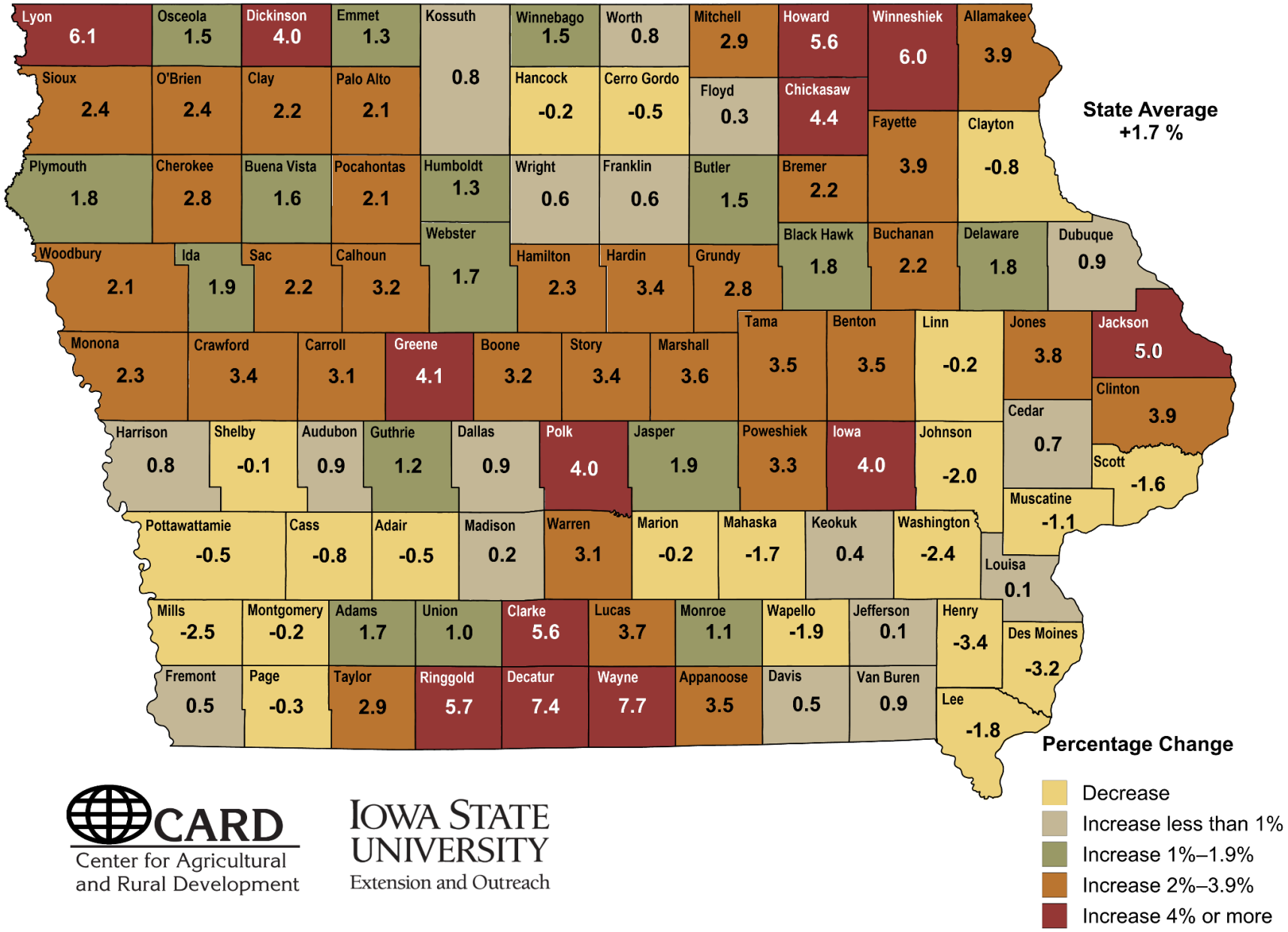

Figure 4. Percent change in Iowa land values 2019 to 2020.

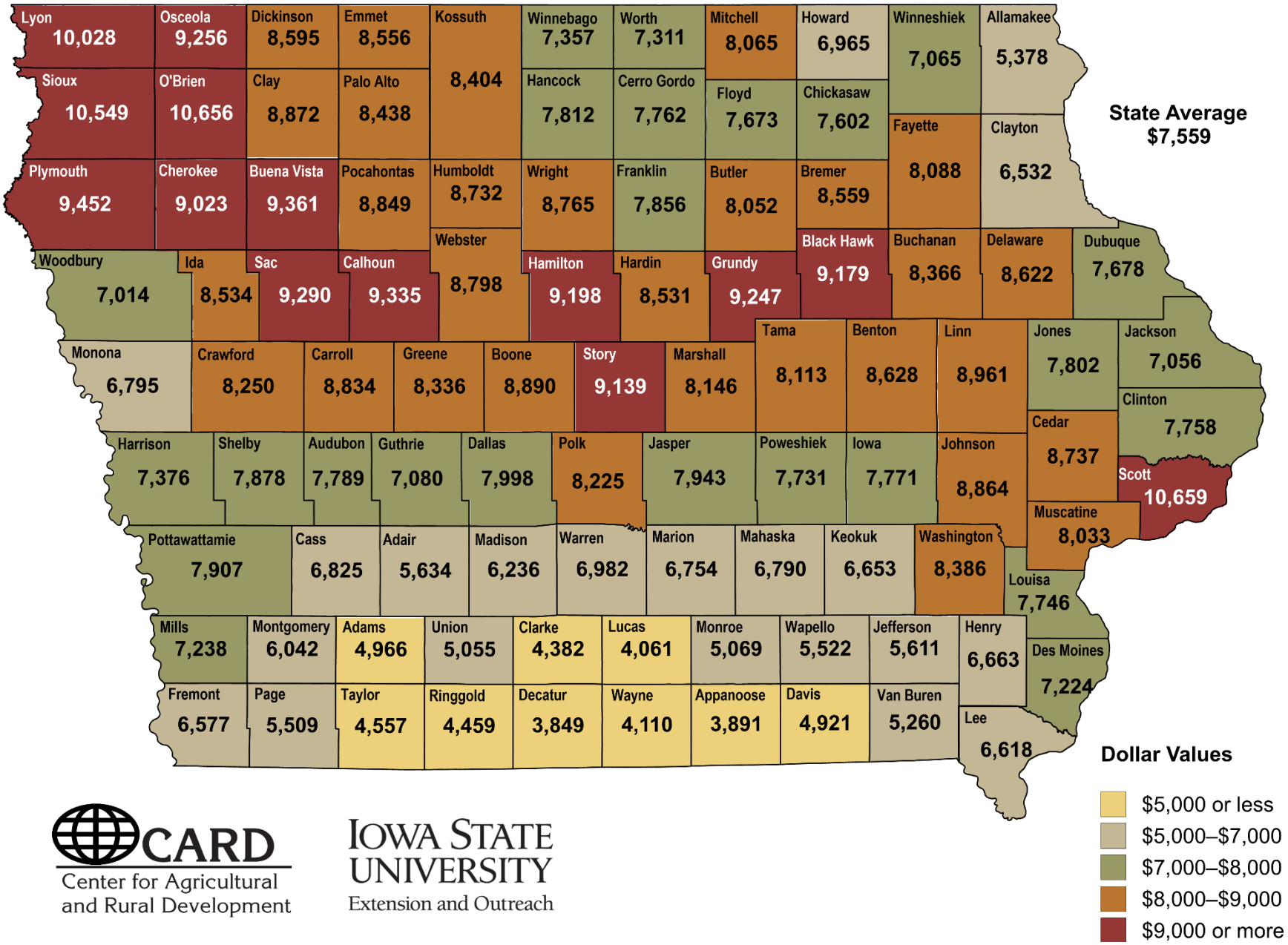

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Figure 5. 2020 Iowa land values.

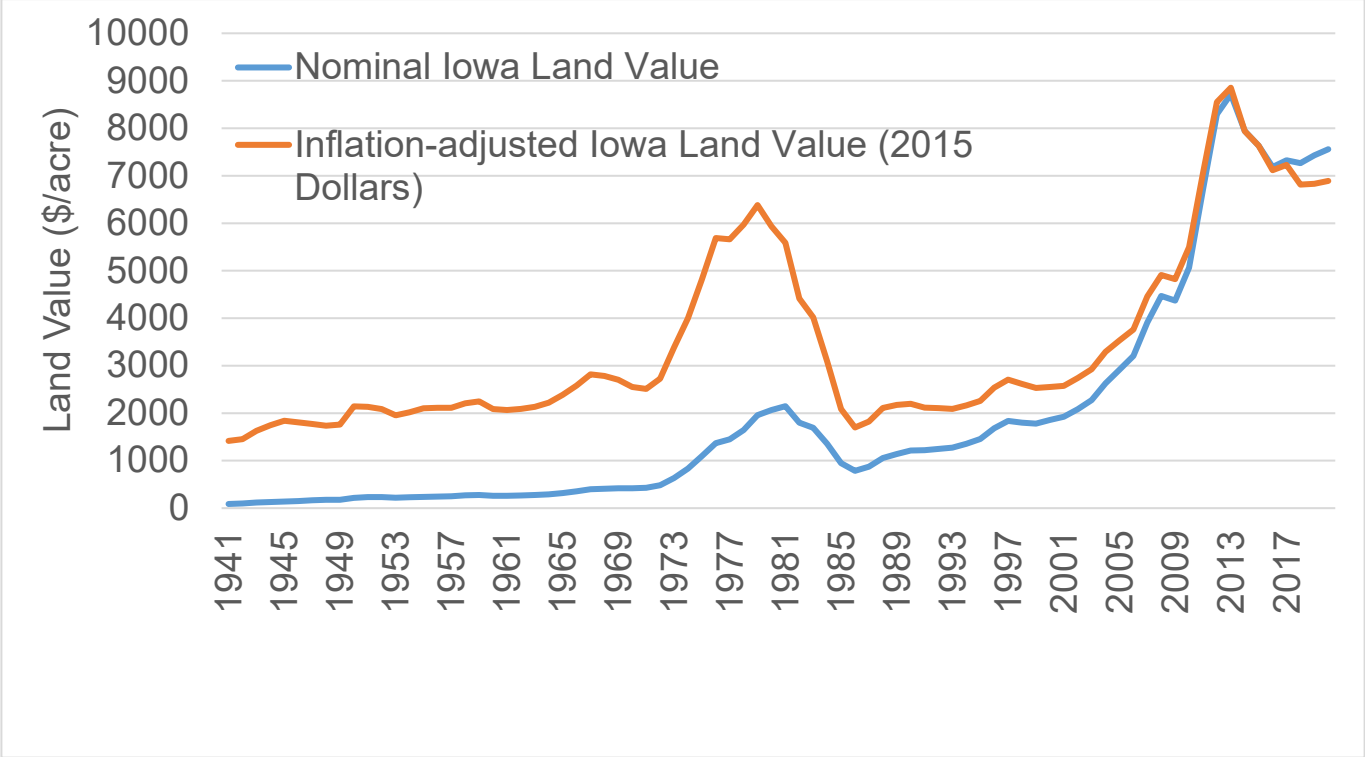


Figure 6. Iowa nominal and inflation-adjusted average value per acre of farmland, 1941–2020.

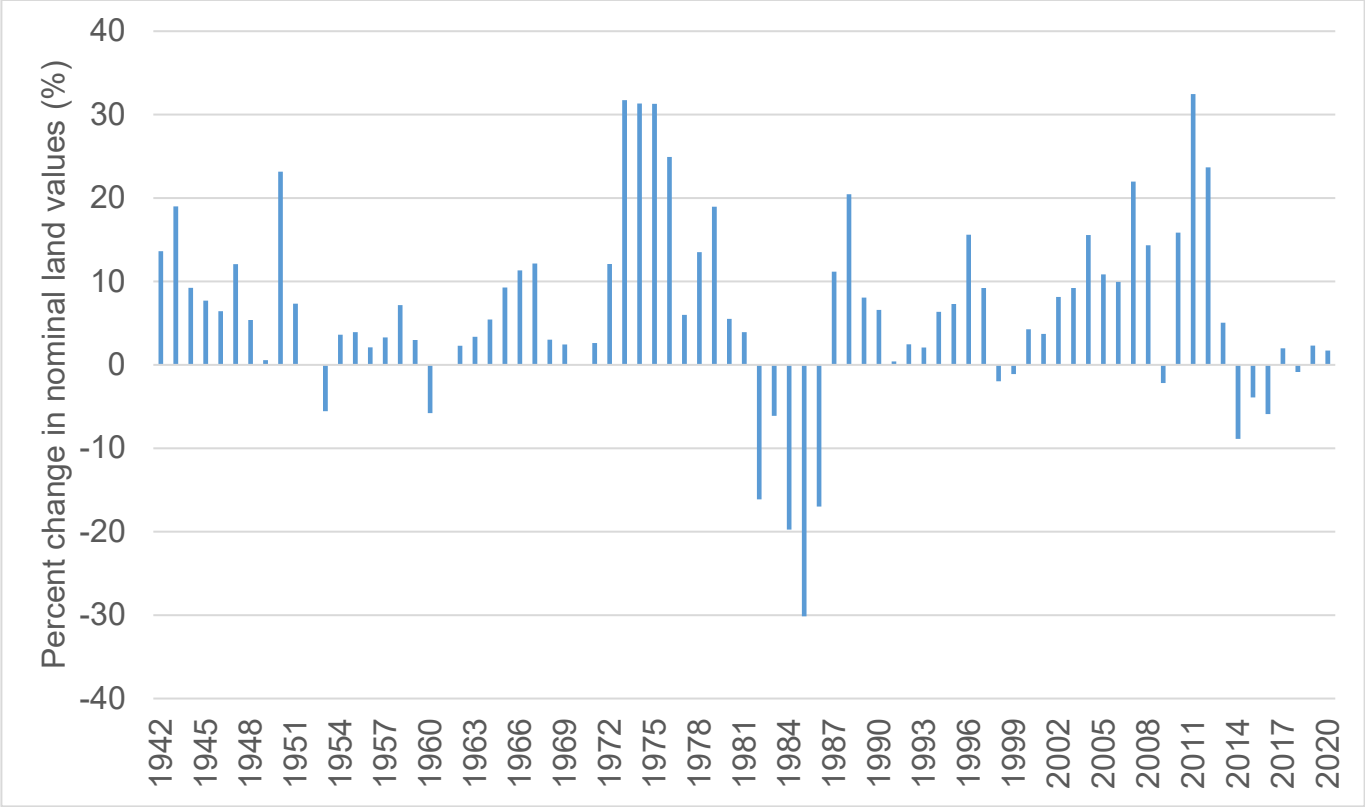


Figure 7. Annual percentage change in nominal Iowa farmland values, 1942–2020.

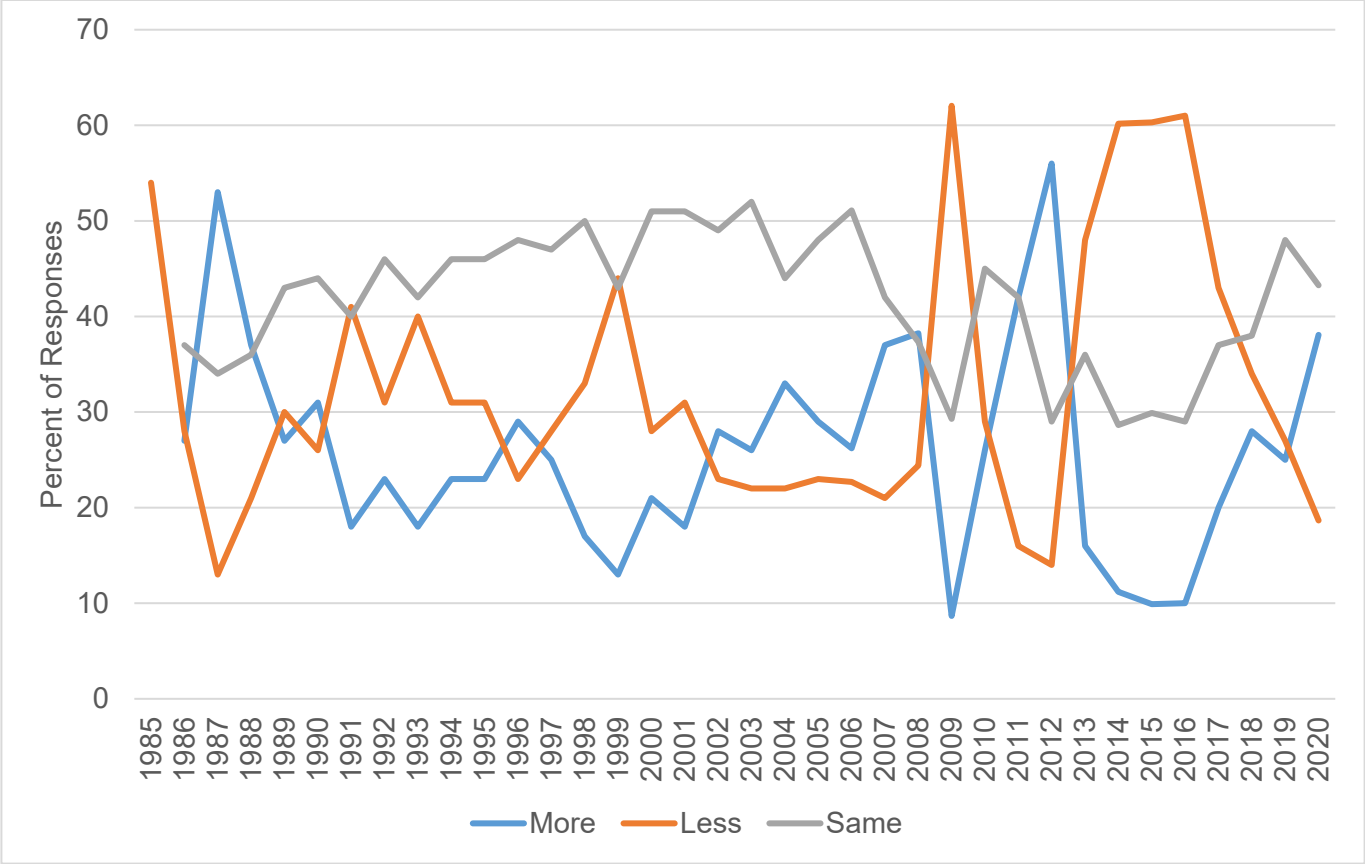


Figure 8. Iowa farmland sale activity (percentages), 1985–2020.

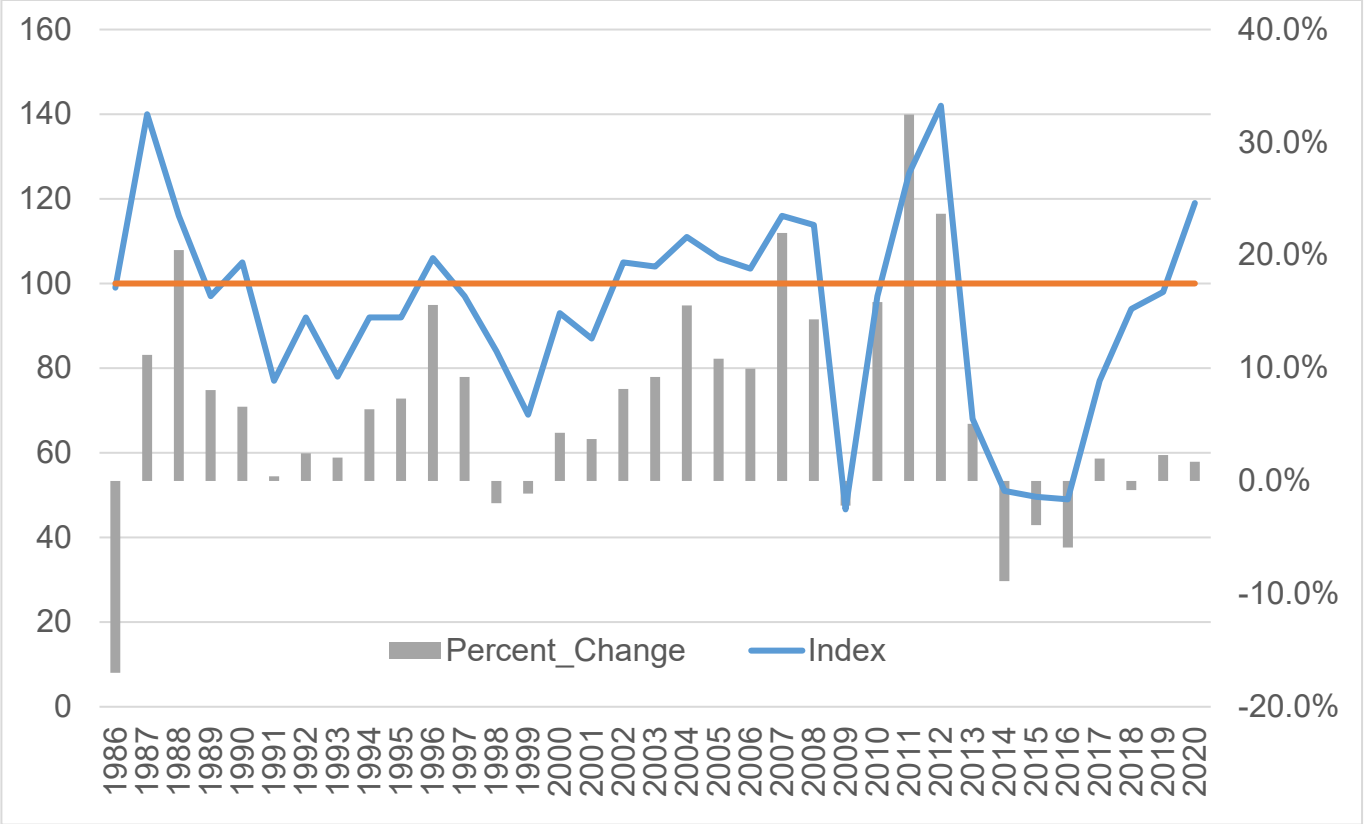


Figure 9. Iowa farmland sale activity index, 1986–2020.

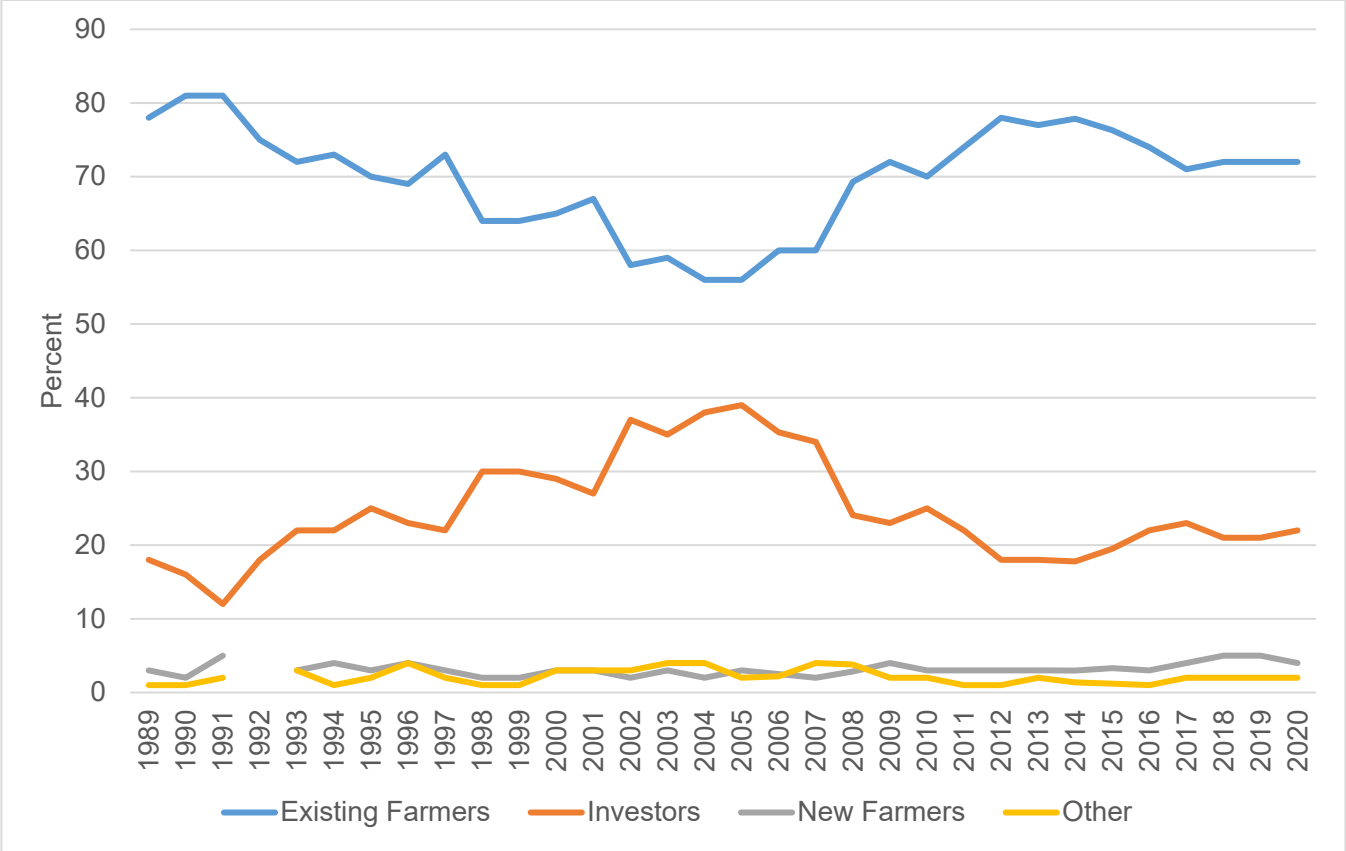
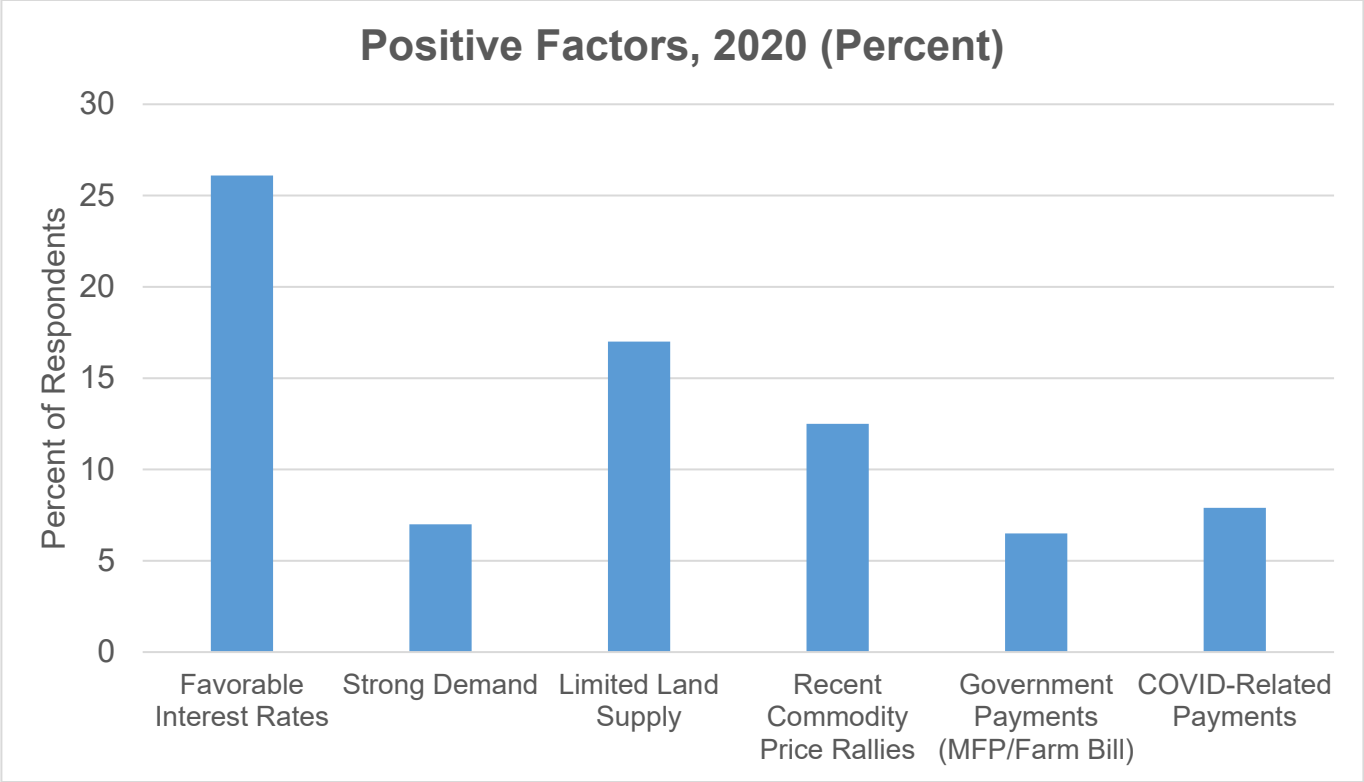


Figure 10. Buyers of Iowa Farmland (percentage by category), 1989–2020.



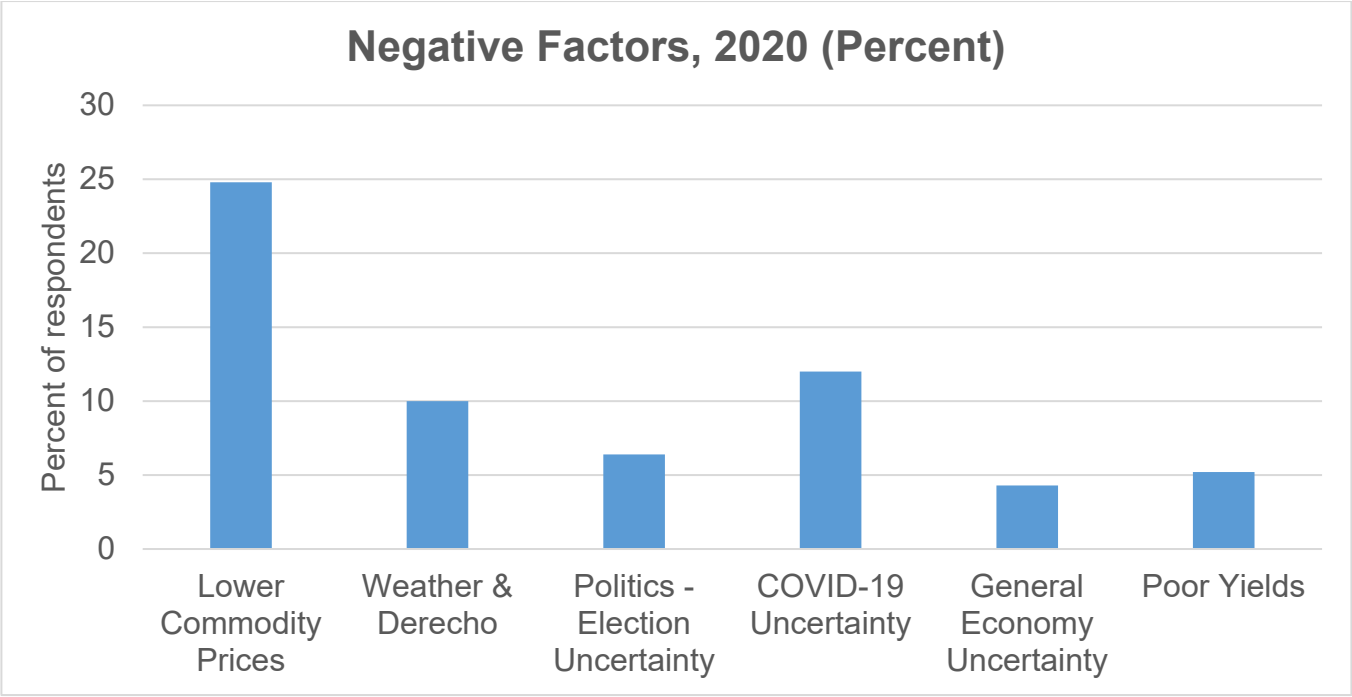


Figure 11. Positive (top) and negative (bottom) factors of the Iowa farmland market, November 2019–November 2020.